

**ANNUAL REPORT  
OF THE  
COMMITTEE ON CHILD CARE**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**November, 2005**

# INDIANA LEGISLATIVE COUNCIL

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# **COMMITTEE ON CHILD CARE**

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### **Representatives**

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Greencastle

Mark Young  
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Sharon Molargik  
Garrett

Tonette Murff  
Indianapolis

Susan Tucker  
Fort Wayne

Ronald Stiver  
Indianapolis

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### **Staff**

**Ann Naughton**  
**Attorney for the Committee**

**Sarah Brooks**  
**Fiscal Analyst for the Committee**

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

## **I. STATUTORY DIRECTIVE**

The Indiana General Assembly enacted IC 12-17.2-3.2 directing the Committee to do the following:

- (a) Study the system of child care regulation, including consideration of the following:
  - (1) The effect of child care and child care regulation on families.
  - (2) Encouragement of high quality child care through committee assessment and recommendation of nationally recognized child care provider quality accreditation organizations.
  - (3) A review of child care models from other states.
  - (4) Ensuring the safety of the child.
  - (5) Any need for reorganization and refocusing of governmental agencies responsible for regulation of child care.
  - (6) Parental rights.
- (b) Make recommendations to the Legislative Council concerning the system of child care regulation:
  - (1) including recommendations concerning:
    - (A) continued legislative monitoring of child care regulation by the committee or another legislative committee; and
    - (B) any amendment to the system of child care regulation that the committee determines is necessary; and
  - (2) to further the following child care regulation purposes:
    - (A) Provide support for families in need of reliable, high quality child care.
    - (B) Encourage and support high quality child care providers.
    - (C) Allow for a variety of methods of child care provision and allow each family to determine the method preferred for the family's children.
    - (D) Access available and affordable child care by parents.
    - (E) Encourage the state to access all available federal funds for child care.

## **II. INTRODUCTION AND REASONS FOR STUDY**

Current Indiana law provides for licensure and registration of various types of child care providers including child care homes, child care centers, and child care ministries. Licensure and registration are not required for certain child care homes. Other requirements apply to child care providers that receive payment for child care under the federal Child Care and Development Fund program administered under 45 CFR 98 and 45 CFR 99, regardless of licensure or registration.

The Committee was formed to further the statutory purpose of supporting quality child care and assisting families by improving access and choice of child care providers. The Committee replaced the Board for the Coordination of Child Care Regulation established by P.L. 211-1999, SEC. 3.

### **III. SUMMARY OF WORK PROGRAM**

The Committee met three times during the 2005 interim.

#### ***First Meeting***

The first meeting of the Committee was held on September 27, 2005. The Committee considered testimony concerning the following:

- (a) Planned revision of the child care home administrative rules.
- (b) The Indiana Child Care Fund.
- (c) The August, 2004, Stein Group Report to the Governor.

The Committee began discussion concerning its program of study.

#### ***Second Meeting***

The second meeting of the Committee was held on October 18, 2005. The Committee considered testimony concerning the following:

- (a) The Indiana Child Care Fund.
- (b) Results of a study entitled "The Economic Impact of the Child Care Industry in Indiana".
- (c) Pre-kindergarten programs.
- (d) Family and Social Services Administration (FSSA) Child Care Quality Activities.
- (e) Other testimony related to regulation of child care providers.

The Committee continued discussion concerning its program of study for purposes of inclusion in the 2005 final report and continuation during the 2006 interim.

#### ***Third Meeting***

The third meeting of the Committee was held on October 24, 2005. The Committee considered the following:

- (a) Updates related to previous testimony from FSSA and from the Indiana Child Care Fund.
- (b) Pre-kindergarten programs.
- (c) Proposed legislation.
- (d) The final report of the Committee.

### **IV. SUMMARY OF TESTIMONY**

The Committee heard testimony from representatives of the following groups:

- (a) Division of Family Resources, Indiana Family and Social Services Administration
- (b) Indiana Child Care Fund
- (c) The Stein Group
- (d) Indiana Department of Education
- (e) Other interested parties

### ***Child Care Home Administrative Rules***

The Committee heard testimony concerning the plans for revision of the administrative rules applying to child care homes, including discussion concerning a contract with an outside organization to facilitate the process, and an estimated date for adoption of final rules.

### ***Indiana Child Care Fund***

The Committee heard testimony concerning the establishment of the Fund, and programs implemented, maintained, or supported by the Fund. The Committee reviewed financial information concerning the Fund. The Committee also heard testimony concerning results and recommendations of a study commissioned by the Fund entitled "The Economic Impact of the Child Care Industry in Indiana".

### ***2004 Stein Group Report to the Governor***

The Committee heard testimony and received a report concerning various public and private programs and proposals related to child care, child care availability, access, quality, and funding. The Committee heard issues raised related to future plans and accountability for the programs and proposals.

### ***Pre-kindergarten Programs***

The Committee heard testimony concerning the Indiana Department of Education's work in development and implementation of "Foundations for Young Children to the Indiana Academic Standards" and the Indiana Ready to Learn, Ready Schools Initiative. The Committee received additional written information concerning pre-kindergarten programs as distinguished from child care, and the perceived benefits of pre-kindergarten programs.

### ***Family and Social Services Administration Child Care Quality Activities***

The Committee heard testimony and received information concerning various programs related to child care and administered by FSSA.

### ***Other Testimony Related to Regulation of Child Care Providers***

The Committee heard testimony concerning: (1) the perceived need for more consistency among the regulations that apply to the various types of child care providers; (2) the relationship between quality of child care and regulation; (3) the effect of differences in child care regulation on competition among child care providers; (4) perceptions of parents regarding child care quality; and (5) decreasing numbers of licensed child care providers.

Minutes of meetings of the Committee can be found at  
<http://www.in.gov/legislative/interim/committee/care.html>

## **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The Committee made the following findings of fact and recommendations:

### ***Child Care Home Administrative Rules***

- The Committee finds that FSSA's plan for adoption of revised child care home administrative rules as described to the Committee is reasonable.

The Committee recommends that FSSA implement the plan and provide periodic reports on the progress of the plan.

### ***Indiana Child Care Fund***

- The Committee finds that detailed information concerning the sources and uses of funding, particularly public funding, received by the Fund is desired.

The Committee recommends that the Fund continue to provide this information to the Committee.

### ***2004 Stein Group Report to the Governor***

- The Committee finds that the report raises several issues related to funding, performance, effectiveness, and future planning of programs for children to which answers would be helpful to the Committee and FSSA in performing their functions with respect to child care.

The Committee recommends that the Division of Family Resources facilitate obtaining the information to address the issues raised in the report and provide the information to the Committee during the 2006 interim.

### ***Pre-kindergarten Programs***

- The Committee finds that early childhood initiatives, such as the "Foundations for Young Children to the Indiana Academic Standards" and the Indiana Ready to Learn, Ready Schools Initiative, are potentially valuable resources for child care providers and children in helping to prepare children for school.

The Committee recommends that the initiatives should be promoted and objectively evaluated for effectiveness.

### ***Family and Social Services Administration Child Care Quality Activities***

- The Committee finds that FSSA programs related to child care should be evaluated for effectiveness in improving availability to families of adequate child care provider choices and information with which families may choose appropriate child care.

The Committee recommends that FSSA provide to the Committee current evaluation criteria used to determine whether programs are effective and efficient in meeting current child care needs, and the results of evaluations.

- The Committee finds that parent education concerning quality and licensure of child care providers is important and should be improved.

The Committee recommends that FSSA and its child care program partners review parent education methods to expand parents' access to information concerning: (1) child care quality; (2) licensing of child care providers; (3) differences between child care providers; and (4) other information determined to be helpful to parents in making choices regarding child care.

### ***Regulation of Child Care Providers***

The Committee finds that regulation of child care is not consistent among the various types of child care providers, and that availability of various types of child care providers is important to provide choices for parents. The Committee recognizes that there is a need for consistent health, safety, and education expectations for all children in all child care settings.

The Committee recommends that reasonable regulations should apply to each type of child care provider, taking into account the differences between the types, and providing a choice of environments for parents, but allowing for reasonable competition and attainability of compliance with applicable regulations.

The Committee finds that a more cooperative and consistent approach to implementation of regulatory requirements, including inspections, provision of compliance related information to child care providers, and investigation of complaints, is desirable.

The Committee recommends that the Division of Family Resources: (1) provide to the Committee information concerning the steps being taken to improve communication and implementation of regulatory requirements; and (2) improve complaint investigation procedures to allow child care providers to participate in complaint investigation and resolution.

The Committee considered PD 3374 amending the definition of "child care ministry" to specify that the organization is exempt from federal taxation because the organization is organized and operated exclusively for religious purposes, and to require annual filing of supporting documentation for the federal tax exemption.

The Committee adopted PD 3374 for introduction during the 2006 session of the Indiana General Assembly by a roll call vote of 10-2.

### ***Committee's Program of Study***

The Committee finds that there are questions to be addressed concerning child care quality and reasons for a recent decrease in the number of licensed child care providers in Indiana.



The Committee recommends that during the 2006 interim, the Committee should explore possible barriers and incentives with respect to child care quality and licensure, including: (1) financial incentives such as tiered reimbursement and greater availability of public funds for child care providers who are determined by an outside organization to provide quality child care; (2) tax incentives; (3) development of child care quality indicators; (4) accreditation incentives; (5) education incentives; (6) public quality rating incentives; (7) licensure incentives for unlicensed child care providers and child care ministries; (8) child development associate credential requirements for licensure; (9) the role and effects of competition in child care; and (10) the role of grandparents as caregivers.

Additionally, the Committee recommends that the Division of Family Resources research and report to the Committee during the 2006 interim concerning the availability of any federal funding to assist with incentives and overcoming any identified barriers related to quality and licensure.

The Committee finds that current law does not provide flexibility for: (1) temporary child care when child care providers are unable to care for regular clients; or (2) child care availability for parents who work irregular hours and part time.

The Committee recommends that during the 2006 interim, the Committee should review the capacity of the various types of child care providers to determine reasonable capacities, including irregular hours, part time child care, and temporary clients.

## WITNESS LIST

Monica Boyer, President, Indiana Child Care Association  
Marline Breece, Treasurer, Board of Directors, Indiana Child Care Fund  
Melanie Brizzi, Consultant, Division of Family Resources, Family and Social Services Administration  
Ellen Clippinger, Chief Executive Officer, AYS, Inc.  
Carol Culbertson, Member, Board of Directors, Indiana Child Care Fund  
Jayma Ferguson, Indiana Department of Education  
Mike Garatoni, President, Growing Kids Learning Centers  
Tom Rayl, Indiana Association of Licensed Child Care Centers  
Mark Snyder, Child Care Home Owner  
Marilyn Solomon, Early Learning Center  
Carole Stein, Chief Executive Officer, The Stein Group  
Marsha Thompson, Executive Director, Indiana Association for Child Care Resource and Referral  
Maxine VanGilder, Indiana Association of Licensed Child Care Centers  
Dianna Wallace, Indiana Association for the Education of Young Children